

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
October 9, 2002  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on October 9, 2002 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom and Members Ira Rogal, Tobias Barry, Violet Clark, and Gary Peterlin.

Chairman Higginbottom convened the October 9, 2002 Regular Meeting at 9:32 A.M. in the 3<sup>rd</sup> floor Board Conference Room. Member Rogal moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (October 9, 2002) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Barry seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 2:10 P.M.

### Approval of Minutes

Member Rogal moved that **the Board approve the following closed session minutes of the Illinois Gaming Board:**

- **Closed Session Minutes:**
  - **Regular Meeting of September 4, 2002**
  - **Special Meeting of September 10, 2002**

Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Member Rogal moved that **the Board approve the following open session minutes of the Illinois Gaming Board:**

- **Open Session Minutes:**
  - **Regular Meeting of September 4, 2002**
  - **Special Meeting of September 10, 2002**

Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

### Chairman's Report

Chairman Higginbottom offered his thanks to former Chairman Greg Jones for his fine work while serving as Chairman for the Gaming Board. Chairman Higginbottom wished Mr. Jones the best and stated that he, as well as the other Board members, were grateful for Mr. Jones' dedication to the Gaming Board. Chairman Higginbottom stated that Mr. Jones' insight and guidance helped to direct the Gaming Board during a time that it faced complex issues. Chairman Higginbottom ensured the public that Mr. Jones' ideas and his high standards would live on through the Board and members of the Board's staff. Chairman Higginbottom stated that he wanted the public and the gaming industry to know that the Board would remain committed to the course that Mr. Jones set regarding the 10<sup>th</sup> license. Chairman Higginbottom stated that the Board remains hopeful that Emerald would submit a reorganization plan to the federal bankruptcy judge that is consistent with the settlement agreement that the Board entered into with Emerald. Chairman Higginbottom further stated that the Board remains committed to a fair and open competitive sales process regarding Emerald's license.

Chairman Higginbottom stated that Mr. Jones was instrumental in creating the Self-Exclusion Program, which allows problem gamblers to self-exclude themselves from Illinois riverboat casinos. Chairman Higginbottom stated that, under Mr. Jones' direction, the Board adopted a rule creating the Self-Exclusion Program, which began July 1, 2002. Chairman Higginbottom stated that over 60 people have enrolled in the Self-Exclusion Program since its implementation and that the Board expects that number to increase. Chairman Higginbottom stated that each person who has enrolled in the Self-Exclusion Program represents a life that has taken a turn for the better. Chairman Higginbottom stated that the persons who have enrolled in the Self-Exclusion Program, and the thousands more that are expected to enroll, could thank Mr. Jones for his leadership in establishing the program and advocating for the State's support in funding programs that help problem gamblers. Chairman Higginbottom applauded Mr. Jones' dedication to the service of the people of the State of Illinois.

Chairman Higginbottom introduced a new Board member, Gary Peterlin, to the public. Chairman Higginbottom stated that Member Peterlin was appointed to the Board by Governor Ryan on September 6, 2002. Chairman Higginbottom stated that Member Peterlin is a former Illinois Assistant Attorney General and served as State's Attorney for LaSalle County for two terms (1980 – 1988). Chairman Higginbottom stated that he is looking forward to working with Member Peterlin.

Administrator Parenti welcomed Chairman Higginbottom as the new Chairman. Administrator Parenti stated that Chairman Higginbottom has been a longstanding Board member who has been involved in the complex issues relating to the 10<sup>th</sup> license. Administrator Parenti stated that Chairman Higginbottom's business acumen would contribute greatly to the Board.

Administrator Parenti welcomed Member Peterlin.

### Board Policy Items

WEAPONS ON RIVERBOAT - Deputy Chief Legal Counsel, Jeannette Tamayo, stated that last year the Board authorized the filing of an amendment to Board Rule 3000.180, whereby the words "security personnel licensed by the Board" were deleted, making it clear that only Gaming Board agents would be authorized to carry weapons on riverboat casinos. Ms. Tamayo stated that Board Rule 3000.180 went through First and Second Notice with no objections filed, and Joint Committee on Administrative Rules (JCAR) had issued permission to file. Ms. Tamayo stated that Staff is requesting permission to file a Certificate of Adoption of an Amended Rule to include in a new rulemaking book that would be published soon.

Second Notice having been filed, Member Clark moved that **the Board authorize the final adoption and publishing of the proposed Rule 3000.180 as revised.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

TAX INCREASE – 2<sup>ND</sup> NOTICE FILING AND SUBSEQUENT ADOPTION – Ms. Tamayo stated that Staff filed two rules in July 2002 regarding tax increase, one was an emergency amendment to make the tax increase effective July 1, 2002, and the second filing was the routine rulemaking process. Ms. Tamayo stated that Staff is at a point where they could file a Second Notice with the JCAR. Ms. Tamayo stated that Staff did not receive comments during the open comment period.

Ms. Tamayo stated that because of a timing issue, JCAR had moved their meeting from November 12, 2002 to November 19, 2002, which is the same day as the Gaming Board's November 2002 Regular Board Meeting. Ms. Tamayo stated that Staff is requesting permission from the Board to file Second Notice, and assuming that there are no objections from JCAR, Staff is also requesting permission to file for adoption of the rule immediately thereafter. Ms. Tamayo stated that otherwise the rule would expire on November 26, 2002.

Member Clark moved that **the Board authorize staff to submit proposed Rule 3000.1071 as revised for Second Notice Filing with the Joint Committee on Administrative Rules.**

Member Clark further moved that **the Board authorize the final adoption and publishing of the above-referenced rule, provided no material changes are made to this rule during the Second Notice process.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

TICKET VOUCHERING TECHNOLOGY – DISCUSSION OF PROPOSED RULEMAKING - Ms. Tamayo stated that at the November 19, 2002 Regular Board Meeting, ticket vouchers would be placed on the agenda under public discussion. Ms. Tamayo stated that in the future Staff would be seeking the Board's permission to submit proposed rules regarding ticket vouchers.

Ms. Tamayo gave a summary of the ticket vouchers technology. Ms. Tamayo explained that the technology allowed a patron to retrieve either tokens from a slot machine or a printed voucher. Ms. Tamayo stated that the printed voucher could be inserted into other slot machines and converted into electronic credits or cashed out with a cage cashier. Ms. Tamayo stated that the bill validators, which currently accept only U.S. currency, have the capacity to receive the new vouchers and would be able to verify the voucher's validity. Ms. Tamayo stated that there is a barcode that contains significant information that would prevent the voucher from being duplicated or paid out twice.

Ms. Tamayo stated that other jurisdictions have adopted ticket voucher technology and that Illinois licensees requested it over a year ago. Ms. Tamayo stated that the licensees would phase the new technology into their operations. Ms. Tamayo stated that the phase-in would probably occur within the next year or so.

Ms. Tamayo stated that the ticket voucher technology would require significant changes to Internal Control Systems, specifically a redeployment of casino staff as fewer casino staff would be needed to perform hard drops and hard counts.

Ms. Tamayo stated that because the technology changes the way the electronic gaming devices operate, Staff would be requesting rule-making authority to (1) license Slot Information Systems; (2) require electronic gaming devices' computer systems to be certified by independent laboratories, including all of the "back-of-the-house" computer functions; and (3) enhance certification for computer security at each licensee.

Ms. Tamayo stated that Staff has been working on draft rules. Ms. Tamayo stated that some of the changes are technical in nature and merely require adding the word "voucher" to different sections of the Rules. Ms. Tamayo stated that other changes are significant and require new rules that are specifically designed for ticket voucher technology. Ms. Tamayo stated that Staff would be working with the Illinois Casino Gaming Association and its ticketing committee to attempt to resolve any concerns that it may have with regards to the rulemaking.

**PROPOSED LEGISLATION** - Ms. Tamayo stated that every year the Governor's office requests comments from the Gaming Board regarding proposed legislation. Ms. Tamayo stated that the comments would also be included in the transition report for the incoming Governor. Ms. Tamayo stated that Staff is requesting permission to file the same legislative proposals that Staff has filed with the Governor's office for approximately the last 3 to 4 years.

Ms. Tamayo stated that there are sections in the proposed legislation that deal with ownership interests, including (1) strengthening the provisions regarding the Board's ability to regulate ownership interests, (2) permitting the Board to force an individual owner to relinquish the ownership interest as opposed to denying the license, (3) statutorily authorizing fines in relation to undisclosed or unauthorized agreements or contracts, (4) creating a Class 4 felony for violations of ownership disclosure, and (5) approval requirements. Ms. Tamayo stated that Staff was also seeking provisions dealing with owner licensee contracts that would give the Board more authority to ensure contracts meet fair market value.

Ms. Tamayo stated that Staff has adopted Rule 3000.238 regarding court appointed receivers. Ms. Tamayo stated that Staff would be asking for authority under the statute to strengthen the Rule's provisions.

Ms. Tamayo stated that Staff would also like the authority to strengthen provisions on denying access to persons under age 21 to the riverboat casinos, making it a petty offense with a set fine for any violations. Ms. Tamayo stated that Staff would also like to prevent employees under the age of 21 to work in the gaming area of the riverboat casinos.

Ms. Tamayo stated that Staff would like to have a graduated fee schedule of no more than \$5,000 for the supplier licensees.

Ms. Tamayo stated that Staff would also like to amend the Riverboat Gambling Act to include the Self-Exclusion Program and create a new trespass offense for entering a riverboat operation after a person has been placed on the self-exclusion list. Ms. Tamayo stated that as it relates to the Self-Exclusion Program, Staff would like to limit the liability to both the Board and the owner licensees for compliance with enforcement provisions in the Self-Exclusion Program.

Ms. Tamayo stated that other provisions that Staff is requesting that require changes in the Riverboat Gambling Act involve (1) daily deposit times; (2) the application process; (3) including local community colleges in establishing gaming trade programs; (4) clarifying technicalities with regards to gaming equipment, and gaming supplies; (5) admission taxes; and (6) appropriation of funds to the Board. Ms. Tamayo stated that it is Staff's intentions to submit the proposed legislation to the Governor's office unless the Board has any objections.

Member Rogal asked if the Board currently has statutory authority to charge a license fee to a person who is acquiring an owners license.

Ms. Tamayo stated that there is an initial application fee and a renewal fee, but there is not a fee specifically for a person wanting to acquire a license through transfer. Ms. Tamayo stated that Staff could recommend such a fee as part of the proposed legislation.

Member Rogal suggested that such a provision might be appropriate to submit for proposed legislation.

Ms. Tamayo and Administrator Parenti discussed discretion with regards to occupational licensees and, in particular, discretion with respect to disqualifying violations.

#### Owner Licensee Items

EMPRESS CASINO – PROPOSED BARGE PROJECT – James Butler, General Counsel of Argosy Gaming Company, was present on behalf of Empress Casino to request approval to proceed with its proposed barge project.

Pursuant to Board Rule 3000.230(d), Member Rogal moved that **the Board authorize Empress Casino Joliet Corporation to proceed with its proposed barge project. The approval of the proposed barge project is subject to Empress Casino Joliet Corporation from time to time, as directed by staff, updating the Board on the progress of the construction and Empress Casino Joliet Corporation obtaining final approval from the Board of its barge construction when the project has been completed and Empress Casino Joliet Corporation has obtained approval of its structure from the State Fire Marshall, U.S. Coast Guard and other appropriate authorities.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

### Supplier Licensee Items

BALLY GAMING, INC. – LICENSE RENEWAL – Cory Aronovitz, Attorney, and Mark Lerner, General Counsel and Secretary of Alliance Gaming Corporation, were present on behalf of Bally Gaming, Inc. to request approval for Bally's license renewal.

Mr. Lerner addressed prior concerns that the Board had with Bally and stated that Bally takes the concerns seriously. In particular, Mr. Lerner addressed the timeliness and accuracy of quarterly reports.

Administrator Parenti noted Bally's steps to correct its quarterly report filings. Administrator Parenti inquired about Bally's corporate status with the Illinois Secretary of State.

Mr. Lerner stated that Bally's filing status had been revoked in the past due to questions concerning annual report filings. Mr. Lerner stated that the status has since been restored.

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board approve a restricted Supplier's license of Bally Gaming, Inc. for a term of 1 year expiring October 2003 and impose the following conditions:**

- 1. Bally Gaming, Inc. shall timely file and/or provide all appropriate and required documents requested by the Illinois Gaming Board.**
- 2. Bally Gaming, Inc. shall also file all documents relevant to its corporate status that are requested and required by the Illinois Secretary of State.**

**In the event that Bally Gaming, Inc. fails to make an appropriate and timely request as specified in Board Rule 3000.405 for a hearing within 5 days of delivery of the written restriction of licensure, this action of the Board shall become the final action of the Board restricting the Suppliers license application for one year.**

Further, based on the staff's investigation and recommendation, Member Peterlin moved that **the Board certify and approve the following entities, position and person as Key Persons of the licensee:**

- 1. Alliance Gaming Corporation;**
- 2. Alliance Holding Company;**
- 3. Bally Gaming International, Inc.;**
- 4. Chief Executive Officer; and**
- 5. Mr. Robert L. Miodunski.**

Member Peterlin further moved that **the Board authorize Bally Gaming, Inc. to sell, manufacture or lease the following products in the State of Illinois:**

- 1. All S6000 Slot Machines (slants and uprights);**
- 2. All V7200 Video Poker Machines;**
- 3. All EVO gaming machines;**
- 4. All EVO hybrid machines; and**
- 5. Mikohn progressive equipment (for near area progressives).**

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

#### Occupational Licensees

Based on staff's investigation and recommendation, Member Clark moved that **the Board approve 45 applications for an Occupational License Level 2 and 122 applications for an Occupational License Level 3.**

Member Clark further moved that **the Board direct the Administrator to issue a Notice of Denial to the following applicant for Level 3 license, who previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut that recommendation:**

- 1. Francisco Rosales**

Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

#### Complaints and Disciplinary Actions

IN RE THE DISCIPLINARY ACTION OF INTERNATIONAL GAMING TECHNOLOGY – Based on a review of staff's investigation and recommendation, Member Rogal moved that **the Board issue a Disciplinary Complaint against International Gaming Technology (“IGT”), a Supplier Licensee, for failing to comply with the Act and the Board’s Adopted Rules in relation to IGT’s failure to meet an Administrator-mandated, 30-day deadline to replace revoked IGT EPROMs.**

Member Rogal further moved that **the Board fine IGT \$29,700.00. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an answer within that time period.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

IN RE THE DISCIPLINARY ACTION OF BALLY GAMING, INC. – Based on a review of staff's investigation and recommendation, Member Rogal moved that **the Board issue a Disciplinary Complaint against Bally Gaming, Inc. (“Bally”), a Supplier Licensee, for failing to comply with the Act and the Board’s Adopted Rules in relation to Bally’s failure to meet an Administrator-mandated, 30-day deadline to replace revoked Bally EPROMs.**

Member Rogal further moved that **the Board fine Bally \$8,600.00. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an answer within that time period.** Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

At 3:00 P.M., Member Rogal moved that the Board adjourn. Member Barry seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,  
Monica Thomas

Secretary to the Board